

## Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 02334 242208Z

67

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 TRSE-00 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-03 COME-00 DODE-00 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 FRB-03 FEA-02 SSO-00

NSCE-00 INRE-00 DRC-01 /170 W

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O 242139Z JUL 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 4065

C O N F I D E N T I A L 2334

FOR STATE/EB/JULIUS KATZ

E.O. 11652: GDS

TAGS: ENRG, CA

SUBJECT: INTEGRATED ENERGY PROGRAM (IEP): JULY 29/30 ECG  
MEETING

REF: STATE 158704

1. ECON COUNSELOR DISCUSSED IEP TIMETABLE AND GOALS  
OF JULY 29-30 ECG MEETING WITH WILLIAM HOPPER,  
ASSISTANT DEPUTY MINISTER, ENERGY, MINES AND  
RESOURCES ON JULY 24 AND UNDERScoreD IMPORTANCE  
USG ATTACHES TO AGREEMENT IN PRINCIPLE ON IEP  
AT THAT MEETING.

2. HOPPER WAS VERY FRANK IN HIS COMMENTS -- PLEASE  
PROTECT. HE SAID HE HAD PRESENTED ISSUES TO  
CABINET ON JULY 23. HE NOTED THAT CANADA IS NET  
CONTRIBUTOR TO IEP AT THIS STAGE AND IS NOT GAINING  
ANYTHING DIRECTLY IN SHORT RUN. IEP COULD PROVE  
MORE ATTRACTIVE IN LONGER RUN BUT IT NOT EASY TO  
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PAGE 02 OTTAWA 02334 242208Z

SELL AT POLITICAL LEVEL. NEVERTHELESS, HE IS

"CAUTIOUSLY OPTIMISTIC." UNFORTUNATELY, HOPPER STATED, MINISTERS DID NOT FULLY FOCUS ON ALL TOUGH ISSUES, E.G. HOW DEMAND RESTRAINT COULD BE APPLIED TO ALBERTA WHICH HAS NO POSSIBLE SHORTAGE OF ITS OWN, ESPECIALLY GIVEN FEDERAL GOVERNMENT'S STRAINED RELATIONS WITH WESTERN PROVINCES. HE HAS "CAUTIOUS" APPROVAL TO MOVE AHEAD, HOWEVER, AND HAS ADEQUATE INSTRUCTIONS FOR JULY 29-30 MEETING.

3. GOC SEES SOME DIFFICULTIES, MOST ARISING FROM FACT THAT CANADA IS NET EXPORTER AND ORIGINAL U.S. SCHEME DID NOT REALLY MAKE PROVISION FOR THIS SITUATION. MANY OF THESE PROBLEMS ARE PRINCIPALLY OF BILATERAL U.S./CANADIAN CONCERN AND HE BELIEVES CAN BE STRAIGHTENED OUT BETWEEN US. FOR EXAMPLE, CANADA NEEDS TO HAVE ABILITY TO WITHDRAW EXPORTS TO MEET REQUIREMENTS OF EASTERN CANADA. THIS IS POLITICAL NECESSITY FOR GOC. HOPPER SAID HE HAS BEEN THINKING ABOUT POSSIBLE BILATERAL EXCHANGE OF NOTES, WHICH WOULD REFLECT U.S.-CANADIAN UNDERSTANDING ON SOME OF POINTS WHICH ARE OF CONCERN ONLY TO NORTH AMERICAN PARTICIPANTS IN ECG.

4. HOPPER SAID GOC ALSO HAS SOME PROBLEMS WITH LATEST DRAFT OF IEP. ORIGINAL U.S. PLAN HAD BEEN "FAIR AND INGENIOUS" BUT CHAIRMAN'S NOTE HAS LEFT OUT SOME KEY POINTS BY ACCIDENT OR DESIGN. IN PARTICULAR, CHAIRMAN'S DRAFT IS NOT EXPLICIT THAT STOCKPILE OBLIGATION IS BASED ON NET IMPORT POSITION. IF THIS NOT THE CASE CANADA COULD NOT PARTICIPATE. ONE OF GOC DELEGATION'S OBJECTIVES AT JULY 29-30 MEETING WILL BE TO PUT BACK INTO IEP SOME OF THESE MISSING ELEMENTS. GOC LESS CONCERNED WITH AND HAS FLEXIBILITY ON NUMBERS RELATING TO TRIGGERS, ETC.

5. HOPPER IS TAKING A FEW DAYS VACATION AND WILL LEAVE FOR BRUSSELS SUNDAY EVENING, ARRIVING THERE MONDAY MORNING. HE INTENDS TO TRY TO TELEPHONE KATZ IN WASHINGTON AFTERNOON OF JULY 25 FROM HIS VACATION COTTAGE TO DISCUSS SOME OF ABOVE IN CONFIDENTIAL

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PAGE 03 OTTAWA 02334 242208Z

MORE DETAIL. HE NOTED THAT PETER TOWE, WHO WILL HEAD CANADIAN DEL AT MEETING, KNOWS GENERAL OUTCOME OF CABINET CONSIDERATION BUT IS NOT INFORMED ON DETAILS. HOPPER SAID EXTAFF UNDER SECRETARY RITCHIE IS PHONING TOWE AND ASKING HIM "TO COOL IT UNTIL HOPPER ARRIVES". IMPLICIT IN LATTER COMMENT IS SUGGESTION THAT U.S./GOC BILATERAL TALKS IN BRUSSELS LIKELY TO BE MOST PRODUCTIVE IF DEFERRED UNTIL

HOPPER IS ON THE SCENE.  
JOHNSON

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## Message Attributes

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